

Testimony of  
**Robyn Kaplan-Cho**  
**Connecticut Education Association**  
Before the  
**Appropriations Committee**

Re:

**HB 5037 An Act Adjusting the State Budget for the Biennium Ending June 30, 2023**  
**TRB Agency Budget**

February 17, 2022

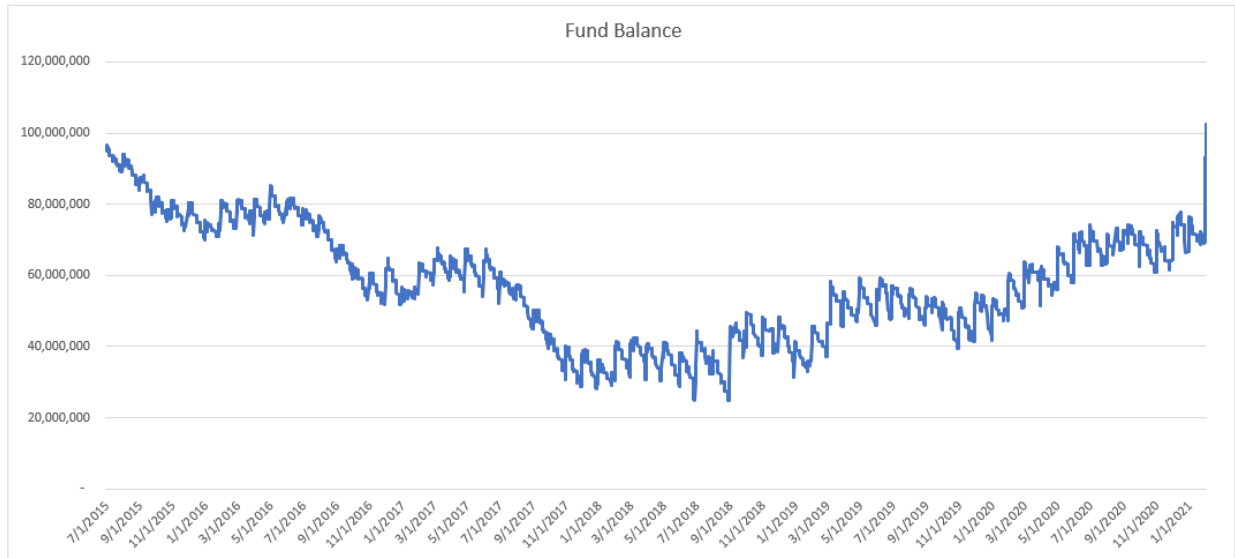
Good afternoon Senator Osten, Representative Walker, and members of the Appropriations Committee. My name is Robyn Kaplan-Cho and I am the Retirement Specialist for the CEA, representing active and retired teachers across the state of Connecticut who are members of the State Teachers' Retirement System.

CEA strongly supports the Governor's proposed budget which appropriates the full required funding to both the teachers' retirement fund (TRF) and the retired teachers' health insurance fund. As you know, this is critically important to ensuring the long-term solvency of these two funds on which our active and retired teachers rely for their retirement security.

The reamortization plan for the TRF that the legislature passed in 2019 accomplished two critically important objectives – it reduced the state's annual payments to a more manageable level (and minimizes the anticipated spike in payments as we approach 2032), while also allowing the assumed rate of investment return to be lowered from 8% to 6.9%. This, combined with the appropriation of the full actuarially recommended amount, allows the TRF to remain on its path to full funding.

The Retired Teacher Health Fund ("Health Fund") is also in better financial health than it has been in decades due in large part to the full required appropriations being included in recent budgets. The Health Fund was created in 1991 for the purpose of providing retired teachers with some financial assistance toward the cost of their retiree health insurance. Active teachers contribute 1.25% of their salaries annually into the Health Fund and retired teachers on the TRB health plans pay a premium share into the Health Fund. Despite the State's contribution to the Health Fund being significantly underfunded in previous budgets for years, the Teachers' Retirement Board has managed to run a quality but cost-efficient health program for retired teachers. But without the legislature's commitment to allocating the statutorily required funding, this would not be possible much longer as the health fund had been on the verge of insolvency just a few years ago.

Due to the full required funding being appropriated over the past several years, combined with recent changes to the Medicare and prescription drug programs instituted by the TRB, the health fund has finally achieved some stability which had been lacking over the past few decades. The chart below shows the fund's balance from 2015-2021 and clearly depicts the positive trajectory it has finally taken.



Retired teachers and spouses who are under age 65 (and over-65 retirees who are not Medicare eligible) obtain insurance through their last employing board of education and typically pay the full cost of insurance, minus a \$110 per month subsidy paid from the Health Fund. Monthly premium costs for a single person plan vary by district but currently range from around \$600 to over \$1,000 per person. For a two-person plan, the cost can be over \$2,400 per month. The \$110 subsidy is statutory and has not increased since 1996 while the cost of health insurance has consistently and significantly increased every year. Clearly, a 26-year freeze is too long.

**CEA respectfully requests that the monthly subsidy paid to under-65 retirees be increased from \$110 per month to \$220 per month. Even with the doubling of the subsidy, retiree health costs may still be prohibitively expensive, but at least it is a step in the right direction.**

Thank you for your time and consideration.